them. The Government propose to undertake reforms in this Sector in a phased manner based on these recommendations.

(d) The measure taken by Government for reforming the financial sector in the country include reduction of statutory liquidity and cash reserve requirements, development of Government securities market, rationalisation of the interest structure, strengthening of banking supervision and encouraging competion through entry of new private sector banks. The broad approach to further reform in this direction being considered by the Government are contained in Discussion Paper titled "Public Sector Commercial Banks and Financial Sector Reforms; Rebuilding for a Better Future", copies of which have been placed in the Parliament Library.

S.T.D. Facilities in the Towns of Punjab

*8. SHRI VIRENDRA KATARIA: Will the Minister of COMMUNICATIONS be pleased to state:

(a) in how many towns has STD been provided in Punjab, how many towns are still without this facility and during the coming financial year, 1994-95, how many towns are proposed to be covered by STD in Punjab;

(b) whether it is a fact that at many places in Punjab where STD facility is provided the maturity rate is less than 20 per cent; if so, the causes thereof; and

(c) what steps are being taken to improve this service?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM): (a) (i) 87 towns have been provided with STD facility.

(ii) 33 towns are still to be provided with STD facility.

(iii) 5 towns are proposed to be connected with STD facility during this year, by March, 1994.

(iv) 18 towns are proposed for STD facility during 1994-95.

(b) yes, Sir. The causes are:—

(i) At some places local exchanges are non-electronic.

(ii) At some places number of STD circuits are inadequate to carry the traffic, because of shortage of transmission media.

(iii) TAX at Bhatinda is electromechanical type.

(iv) The STD circuits to some stations are working on overhead alignment & more fault prone.

(c) The steps taken to improve the service are:—

(i) Local exchanges of old technology are planned to be replaced by electronic.

(ii) Additional circuits are planned to be provided on congested STD routes by providing reliable transmission media.

(iii) TAX at Bhatinda is being replaced by electronic type.

(iv) Plans have been drawn to replace overhead alignment by reliable media.

Free Convertibility of Rupee Currency

*9. SHRI G. G. SWELL:
SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) how and why free convertibility of the rupee currency would further depreciate the rupee;

(b) what are the main features of free convertibility;

(c) whether Indian Industry, trade or international monetary agencies have suggested free convertibility of currency; and

(d) what are the advantages and disadvantages of conversion?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY

AFFAIRS (DR. ABRAR AHMED): (a) to (d). The Government announced the unification of the exchange rate in the previous Budget. This step has also been termed in popular parlance as convertibility of the Rupee on trade account. After an initial depreciation immediately after the Budget announcement, the exchange rate has held steady through out the year. From this experience of the Rupee, it can be said that the behaviour of the exchange rate depends on many factors, including soundness of macro economic and trade policies and extent of convertibility.

The main feature of full free convertibility is the ability of residents and non-residents to echange domestic currency, without limit, whatever be the purpose of the transactions. A more limited definition is Current Account convertibility which implies absence of exchange controls in conducting trade and invisibles transactions. Capital account convertibility implies absence of restrictions on capital flows into and out of the country.

Various industry organisations and chambers of commerce have expressed their views during the last year on the desirability or otherwise of the rupee being made fully convertible. Full convertibility implies removal of all exchange controls and has at times been suggested by some representatives of trade or industry. International Monetary agencies have not made any suggestion in this regard.

The advantage of conversion to convertibility is that it establishes an environment in which inflows and outflows of foreign exchange are managed through macro-economic policy rather than through administrative controls which have distortionary effects on the real economy. The possible disadvantage is that in the absence of sound macro economic policies, the country can suffer from excessive volatility of exchange rate and instability on the external account due to volatility of flows.

उत्तर प्रदेश सरकार द्वारा पावर फाइनेंस कारपोरेशन से ऋण के लिए अनुरोध किया जाना

*10. **श्री आनन्द प्रकाश गौतम:** क्या विद्युत मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या उत्तर प्रदेश के पश्चिमी जिलों में बिजली की कम वोल्टेज की समस्या से निपटने के लिए आनपारा "बी" विद्युत परियोजना से बिजली की आपूर्ति हेतु कोई आकस्मिक योजना तैयार की गई है और क्या उत्तर प्रदेश सरकार ने पावर फाइनेंस कारपोरेशन से ऋण उपलब्ध कराने के लिए वर्ष 1993 में अनुरोध किया था;

(ख) क्या पावर फाइनेंस कारपोरेशन ने उक्त ऋण उपलब्ध करा दिया है या उसकी स्वीकृति दे दी है;

(ग) यदि नहीं, तो इसके क्या कारण है;

(घ) यदि पावर फाइनेंस कारपोरेशन द्वारा यह ऋण दिया जाना सम्भव न हो, तो क्या सरकार इस गम्भीर समस्या के निदान हेतु उत्तर प्रदेश सरकार को केन्द्रीय सहायता के रूप में वांछित धनराशि देने का विचार रखती है; और

(ङ) यदि हां, तो इस सम्बन्ध में ब्यौरा क्या है?

विद्युत मंत्री (श्री एन० के० पी० साल्वे): (क) अनपारा "ख" से विद्युत की अपेक्षित निकासी के लिए उत्तर प्रदेश राज्य बिजली बोर्ड द्वारा सम्बद्ध पारेषण कार्यों और इनको पूरा करने में विलम्ब किए जाने को मद्देनज़र रखते हुए अनपारा "ख" से उत्पादित विद्युत की निकासी के लिए एक आकस्मिक योजना तैयार की गई थी जोकि उत्तर प्रदेश के पश्चिमी जिलों में विद्युत की निम्न वोल्टता की समस्या का समाधान करने में भी सहायक होगी। उपरोक्त परियोजना के लिए उत्तर प्रदेश राज्य बिजली बोर्ड ने विद्युत वित्त निगम से 1993 में 214.13 करोड़ रुपये के ऋण हेतु अनुरोध किया था।

(ख) जी, नहीं।

(ग) पी० एफ० सी० द्वारा उत्तर प्रदेश राज्य बिजली बोर्ड को अभी तक ऋण स्वीकृत किए जाने का कारण विद्युत वित्त निगम की प्रचालनात्मक नीति जोकि निम्नवत् है, में निहित मूल पात्रता सम्बन्धी शर्तों का इसके द्वारा अनुपालन न किया जाना है;